SolGold plc

(05449516)

MANAGEMENT DISCUSSION AND ANALYSIS

2024 FINANCIAL YEAR

SECOND QUARTER REPORT

For the three and six months ended 31 December 2023

This management discussion and analysis ("**MD&A**") is management's assessment of the results and financial condition of SolGold plc ("**SolGold**" or the "**Company**") and its controlled subsidiaries (the "**Group**") ("**we**", "**our**", or "**us**") and should be read in conjunction with the Group's condensed financial statements for the period ended 31 December 2023 and the notes thereto. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IASB**").

Management is responsible for the preparation of the financial statements and this MD&A. Unless otherwise stated, all amounts discussed in this MD&A are denominated in United States dollars.

Mr. Santiago Vaca (M.Sc. P.Geo.), the Chief Geologist of the Group, is a "**Qualified Person**" as defined in NI 43-101 and has reviewed and approved the technical information in this MD&A with respect to all the Group's properties.

The information included in this MD&A is as of 14 February 2024, and all information is current as of such date. Readers are encouraged to read the Company's Regulatory News Service ("**RNS**") announcements filed on the London Stock Exchange and on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") under the Company's issuer profile.

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DESCRIPTION OF BUSINESS

SolGold plc (the “**Company**”) and its subsidiaries (the “**Group**”, “**we**”, “**our**”, or “**us**”) is a mineral exploration and development company headquartered in Brisbane, Australia. SolGold is a UK-incorporated public limited company, dual LSE and TSX-listed (SOLG on both exchanges). It has a leading exploration team focused on copper-gold exploration and mine development, with assets in Ecuador, Chile, and Australia. SolGold is a large and active concession holder in Ecuador. SolGold’s primary objective is to discover, define and develop world-class copper-gold deposits. Cascabel, SolGold’s 100% owned "World Class" flagship copper-gold porphyry project (the “**Project**”), is located in northern Ecuador (Refer to https://wp-solgold-2023.s3.ca-central-1.amazonaws.com/media/2023/10/CAUTIONARY-NOTICE.compressed.pdf).

SolGold is a registered shareholder with a legal and beneficial 100% interest in Exploraciones Novomining S.A. ("**ENSA**"), the Ecuadorian registered company which holds 100% of the Cascabel concession, which includes the Alpala deposit.

HIGHLIGHTS - FY2024 SECOND QUARTER

- Advanced work on a revised pre-feasibility study, which contemplates a phased development approach to the Cascabel Project. The primary objective of the study is to reduce the initial capital required to commence operations.
- Announced encouraging mineralized intersections within the Porvenir Project at the Cacharposa porphyry copper-gold target. The results of additional drilling since the previous 26 October 2021 data cut-off should support the conversion of a large portion of the deposit into the measured and indicated categories, as well as significantly increasing the resource tonnage in both the measured and indicated categories, and the inferred category.
- The discovery of high-grade epithermal quartz vein system at the La Florida target within the Blanca-Nieves Project was announced. Assay results from rock samples included values of up to 276g/t Au and 141 g/t Ag, signalling potential for a Au-Ag bonanza zone. The proximity of the La Florida target to the Cielito target evidences a potential interconnection between the target areas.
- Announced the identification of a promising porphyry Cu-Au-Mo target within the Espejo Project, based upon recent exploration with rock sampling assays yielding mineralisation that may represent a cluster of porphyry systems warranting drill testing.
- Reduced cash outflows, excluding those from financing activities, to $19.6 million during the six months ended 31 December 2023, compared to $32.8 million in the six months ended 31 December 2022. The $19.4 million outflow during the six months ended 31 December 2023 is inclusive of $2.1 million paid to settle prior year liabilities, which resulted in a gain on settlement of approximately $1.4 million.
- During the three months ended 31 December 2023, fully impaired all Australian mining licences, resulting in exploration costs written-off expense of approximately $8.2 million. The impairments were a consequence of management’s expectation that four licences would not be renewed, based upon communications from the Queensland Government Department of Resources; and management’s assessment that no Australian licences represented material recoverable value.
- The Annual General Meeting was held on 20 December 2023. Four directors (Mr. Nichoals Mather, Mr. Scott Caldwell, Mr. Slobodan (Dan) Vujcic, and Ms. Maria Amparo Alban) were re-appointed, and one new director (Mr. Adrian (Steve) van Barneveld) was appointed.

OUTLOOK AND CORPORATE OVERVIEW

CORPORATE

LIQUIDITY, RESTRUCTURING, AND STRATEGIC REVIEW

With the ongoing restructuring efforts described below, management expects current cash balances to last through June 2024. Management intends to raise financing prior to June 2024 in order to continue to advance its strategic objectives. We continued our review of financing opportunities. Options under consideration include, but are not limited to divesting other assets, issuing equity for cash proceeds, selling own shares, and selling a direct or indirect interest in the Cascabel project.

Net cash outlay during the six months ended 31 December 2023 was $19.6 million, compared to $32.9 million in the comparative period of 2022 (excluding financing proceeds and financing costs), driven by reductions in overheads and focused expenditures on exploration and evaluation. Net current assets at 31 December 2023 were $13.1 million, compared to $19.3 million at the year ended 30 June 2023.

We continued the execution of the reorganization plan started in 2023, which is designed to reduce costs, right-size the workforce, and prioritize capital allocation to position the Company for long-term success. This ongoing process is focused on preserving the Company's financial resources, de-risking the Cascabel Project, and investing in exploration projects on a rational and prioritized basis. Our corporate leadership team is operating with a stable headcount of six full-time employees, which is not expected to fluctuate significantly during our fiscal year to end 30 June 2024.

THE PROJECT (CASCABEL)

During the six months ended 31 December 2023, the Company continued work to produce a revised pre-feasibility study, which contemplates a phased development of the Cascabel Project. The updated pre-feasibility study is expected to be completed in the first calendar quarter 2024.

Management is currently negotiating access rights and ownership for one of various envisioned tailings management area locations. Once accessible, geotechnical work can commence. Access to the proposed locations is expected to be secured in fiscal 2024.

Most other project work will be focused on obtaining required permits and agreements to allow for the development of the Cascabel Project (see *Permitting* section below).

The Cascabel project will continue to move forward efficiently and cost-effectively. The following activities will advance and de-risk the project:

- Securing the property required for essential infrastructure such as the tailings deposition site, tailings pipeline route, etc.;
- Preparation and issuance of a Revised Prefeasibility Study that will examine a phased development approach for the Cascabel Project;
- Engineering of the elements required to advance the study, which will be overseen and/or conducted by SolGold technical personnel and
- Required third-party engineering will be sourced through a multiple-bid process and awarded to qualified firms based on quality, cost, and schedule.

PERMITTING

EXPLOITATION CONTRACT

On 19 July 2023, the Company completed commercial negotiations with the Government of Ecuador and agreed upon a non-binding term sheet ("**Non-Binding Term Sheet**") in preparation for the execution of the Exploitation Contract for the Cascabel Project. The Exploitation Contract, coupled with existing legislations and regulations, establishes the legal and financial terms and conditions (including taxes, royalties, and advance royalties) required for the Cascabel Project's development. The Term Sheet has been approved by the Ecuadorian Government and provides for the production of copper, gold, and silver from the contract area for a period of 33 years, which may be renewed. The Group and the Government of Ecuador agreed to an advanced royalty payment totalling $75 million, with $25 million due upon the concentrator construction start date. The remaining two payments, each of $25 million, will be made on the first and second anniversary, respectively, from the date of the first payment. The actual royalty on net smelter revenues ranges from 3% to 8%. Revenue from the royalties collected by the government will be allocated to productive and sustainable projects through the municipal governments and parish councils of the communities of the Cascabel Project.

The Company has applied to change the Cascabel Project's official status from the exploration phase to the exploitation phase, which was registered before the Energy and Non-Renewable Natural Resources Regulation and Control Agency of Ibarra on 6 December 2023 ("**Phase Change Application**"). The Company has up to six months after the approval of the Phase Change to execute the Exploitation Contract. Once executed before a public notary, the Exploitation Contract is required to be registered with the Mines Registry. The Exploitation Contract will govern the legal, economic, technical, social and environmental commitments of the Company and the Government of Ecuador. Management expects the Exploitation Contract to be finalized and announced prior to end of the current financial year.

TERM RENEWAL

The Company announced on 17 July 2023 that it had received the **Term Renewal** from the Ministry of Energy and Mines of the Government of Ecuador for the Cascabel Project Concession ("**Cascabel**").

The Northern Zonal Coordination of the Ministry of Energy and Mines issued Official Letter No. MEM-CZN-2023-0810-OF containing Resolution No. MEM-CZN -2023-0090-RM ("**Resolution**") for the Term Renewal of the Cascabel Mining Concession (Code 402288) until 2048. The Company may request additional term renewals in the future. The Term Renewal confirms that Cascabel comprises 4,979 contiguous hectares and is a large-scale mining regime in accordance with Ecuador's mining regulations.

The mining concession renewal term is 25 years from the registration date of the Resolution in the Mining Registry under the Agency for the Regulation and Control of Energy and Non-Renewable Natural Resources and subsequent notification to the Northern Zonal Coordination of the Ministry of Energy and Mines.

INVESTMENT PROTECTION AGREEMENT

On 19 November 2021, the Company signed a, investment protection agreement ("**IPA**") for the Cascabel Project in northern Ecuador. The IPA outlines an intention to invest approximately US$430 million over 10 years, between 2013 and 2023, in mineral exploration activities in the Cascabel mining concession. The total includes historical investments and planned investments through the end of 2023, when the exploration phase of activities, as defined under mining law, is expected to finish. As noted below, the Company is in the process of applying for a new IPA for construction, development and production and amending the existing IPA to adjust the investment schedule for exploration of the Cascabel Project.

EXPLORATION PERMIT

The company continues to receive the necessary permits to advance planned activities that are required to complete the exploration phase.

GOVERNMENT RELATIONS

The petition to initiate negotiation for the Cascabel exploitation contract was submitted on 14 October 2022, before the Ministry of Energy and Mines ("**MEM**"). On 19 July 2023, the "**Non-Binding Term Sheet**" was executed between the Company and the Government of Ecuador, and the negotiation process was concluded. The Company filed on 19 September 2023 the request to change the phase of the mining concession to 'exploitation' in order to comply with the provisions of Ecuadorian mining law and ensure the maintenance of the mining title in good standing. On 30 October 2023, MEM notified the Company of the resolution declaring the beginning of the exploitation stage of the Cascabel concession. The Company finalized the process of legalizing and registering this request on 6 December 2023, and the Mining Exploitation Contract with the Government of Ecuador must be signed within six months of the date of registration in the Ecuadorian Mining Registry although this deadline can be extended by the Government of Ecuador.

Concurrently, in December 2022, the Company applied to amend the current Investment Protection Agreement ("**IPA**") in order to align it with legal reforms passed after the agreement was executed in 2021, among others. The Minister for Production has requested the Company apply for a new IPA to coincide with the change in mining status to exploitation in addition to amending the existing IPA to cover exploration investments. The Company is currently undertaking this process with the Minister for Production.

The Company meets on a regular basis with MEM to review the critical approvals required for the development of the Cascabel project and address other actions required by the Government of Ecuador for the success of the project.

The Company welcomes the support of President Noboa and the work of Minister Arrobo and the new administrative officers, in the continuity of international investment, particularly in the mining industry.

SELECTED ANNUAL INFORMATION

The Company prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "**IFRS**") applied in accordance with the provisions of the Companies Act 2006. The following table provides selected annual financial information derived from the three most recently completed annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the periods below.

Year ended 30 June	2023 US$	2022 US$	2021 US$
Operations			
Loss for the year after tax	(50,439,745)	(1,701,565)	(22,893,167)
Total comprehensive expense for the year			
Owners of the parent company	(50,336,363)	(1,587,497)	(22,811,409)
Non-controlling interest	(103,382)	(114,068)	(81,758)
Basic and diluted loss per share (cents per share)	(2.0)/(2.0)	(0.1)/ (0.1)	(1.1) / (1.1)
Balance Sheet			
Working capital	27,716,577	27,473,370	116,668,877
Total assets	478,339,250	429,162,611	456,913,025
Total liabilities	165,413,461	97,914,105	118,290,830
Distributions or cash dividends declared per share	Nil	Nil	Nil

RESULTS OF OPERATIONS

LOSS AFTER TAX

Three months ended 31 December	2023	2022	Variance, $	Variance, %
Loss after tax	(14,865,179)	(10,513,560)	(4,351,619)	41%
Loss per share, basic	(0.5)	(0.4)	(0.1)	25%
Operating expenses	(10,825,812)	(5,910,831)	(4,914,981)	83%

Six months ended 31 December	2023	2022	Variance, $	Variance, %
Loss after tax	(21,946,996)	(17,671,963)	(4,275,033)	24%
Loss per share, basic	(0.7)	(0.8)	0.1	(13%)
Operating expenses	14,162,092	(14,154,588)	28,316,680	(200%)

Loss after tax and loss per share are driven primarily by administrative expenses, exploration costs written-off, when such costs are written off, and accretion of interest on borrowings. Details and analysis of such costs follow.

EXPLORATION COSTS WRITTEN-OFF

Three months ended 31 December	2023	2022	Variance, $	Variance, %
Exploration costs written-off	(8,246,571)	(11,119)	(8,235,452)	74,066

Six months ended 31 December	2023	2022	Variance, $	Variance, %
Exploration costs written-off	(8,246,571)	(11,388)	(8,235,183)	72,315

During the six months ended 31 December 2023, the carrying values of all Australian licenses were written down to nil. This was based on management's assessment that the projects were unlikely to be considered investment-worthy by outside investors or creditors, and therefore that it was unlikely for management to raise the capital necessary to advance the projects. Additionally, the Queensland Department of Resources notified the Company that four of the Australian licenses would not be recommended for renewal. The market for the projects by sale or other disposition, such as an earn-in or royalty, indicates limited value, and the Company does not intend to invest further in the development of these projects.

ADMINISTRATIVE EXPENSES

Three months ended 31 December	2023	2022	Variance, $	Variance, %
Administrative and consulting expenses	1,398,850	2,932,378	(1,533,528)	(52%)
Legal and professional fees	691,090	2,230,097	(1,539,007)	(69%)
Insurance	40,823	121,596	(80,773)	(66%)
Impact of negotiated settlement of accounts payable1	(1,379,150)	-	(1,379,150)	--
Employment expenses	873,790	2,008,522	(1,134,732)	(56%)
Expected credit loss	397,176	216,023	181,153	84%
Depreciation	95,527	(71,548)	167,075	(234%)
Foreign exchange losses	(69,930)	(189,980)	120,050	(63%)
Share based payments	531,065	535,757	(4,692)	(1%)
Administrative expenses, as reported	**2,579,241**	**7,782,845**	**(5,203,604)**	**(67%)**

Six months ended 31 December	2023	2022	Variance, $	Variance, %
Administrative and consulting expenses	2,159,282	4,527,027	(2,367,745)	(52%)
Legal and professional fees	1,023,230	2,660,948	(1,637,718)	(62%)
Insurance	129,556	246,353	(116,797)	(47%)
Impact of negotiated settlement of accounts payable1	(1,379,150)	-	(1,379,150)	--
Employment expenses	1,859,743	3,829,172	(1,969,429)	(51%)
Expected credit loss	828,462	1,407,900	(579,438)	(41%)
Depreciation	195,918	80,752	115,166	143%
Foreign exchange losses	31,414	338,273	(306,859)	(91%)
Share based payments	1,067,066	1,052,775	14,291	1%
Administrative expenses, as reported	5,915,521	14,143,200	(8,227,679)	(58%)

- **Administrative and consulting expenses** and **employment expenses** reflect reductions due to manpower right-sizing, as well as a reduction in administrative support expenses during and after the 2023 acquisition of Cornerstone.
- **Impact of negotiated settlement of accounts payable** is a benefit to the Company for accounts payable settled for $1.4M less than originally invoiced amounts.
- **Expected credit loss** is a non-cash expense from the valuation of the Company Funded Loan, an asset for which we have the ability to sell underlying shares (See Note 7 to the interim condensed consolidated financial statements for 31 December 2023). The expected credit loss reflects the decrease in the Company's share price during the six months ended 31 December 2023.
- **Share based payments** includes the value of stock options vesting. During the six months ended 31 December 2023, 10,500,000 options were granted (10,000,000 in the six months ended 30 December 2022).

OTHER INCOME AND EXPENSE

Three months ended 31 December	2023	2022	Variance, $	Variance, %
Other income	19,851	33,855	(14,004)	(41%)
Finance income	45,498	41,127	4,371	11%
Finance costs	(4,117,255)	(2,969,120)	(1,148,135)	39%
Movement in fair value of derivative liability	26,000	-	26,000	#DIV/0!

Six months ended 31 December	2023	2022	Variance, $	Variance, %
Other income	53,916	68,278	(14,362)	(21%)
Finance income	66,525	65,158	1,367	2%
Finance costs	(8,125,808)	(5,497,045)	(2,628,763)	48%
Movement in fair value of derivative liability	234,000	1,963,500	(1,729,500)	(88%)

- **Other income** represents rent received from the subletting of office space at 111 Eagle Street, Brisbane, Australia. The 111 Eagle Street office space rental, and related sublet expire in July 2024. The Company will not be renewing the lease.
- **Finance income** comprises interest received from banking institutions on short term deposits.
- **Finance costs** predominantly relate to the effective interest charge calculated on the NSR Financing Agreements. This charge increased for the three and six months ended 31 December 2023 due to the addition of the Osisko financing agreement on 2 December 2022.
- **Movement in fair value of derivative liability** represents the fair value remeasurement of the options granted to BHP as part of the December 2019 placement. Since the options issued to BHP were not granted in exchange for goods or services and were exercisable in a currency other than the functional currency, the options were treated as a derivative financial liability measured at fair value on the date of grant and are remeasured at each reporting period. The options expire in December 2024.

FINANCIAL POSITION

	31 December 2023 $	30 June 2023 $	Variance $	Variance %
Total assets	458,189,194	478,339,250	(20,150,056)	(4%)
Current assets	20,025,096	41,501,425	(21,476,329)	(52%)
Non-current assets	438,164,098	436,837,825	1,326,273	0%
Total liabilities	166,358,860	165,413,461	945,399	1%
Current liabilities	6,877,026	13,784,848	(6,907,822)	(50%)
Non-current liabilities	159,481,834	151,628,613	7,853,221	5%

- **Current assets** decreased by $21,476,329, primarily due to outlay on capitalized exploration and evaluation costs, including costs on the in-process updated PFS report, paydown in current liabilities, and ongoing administrative expenses.
- **Non-current assets** increased primarily due to increases in capitalized exploration and evaluation expenditures, classified as intangible assets. Capitalized exploration and evaluation expenditures were approximately $9.9 million, predominantly due to expenditures on the Alpala project and the various regional projects in Ecuador. Capitalized exploration costs written-off of $8.2 million reduced all Australian project carrying values to nil.
- **Current liabilities** primarily reflect a decrease in trade and other payables of approximately $6.8 million, including settlement of an approximately $3.5 million liability which was outstanding at 30 June 2023 which realized a gain of approximately $1.4 million.
- **Non-current liabilities** increased primarily due to the NSR royalty borrowings, accounted for at amortised cost.

EXPLORATION AND EVALUATION ASSETS

The following table represents the capitalised expenditures on exploration and evaluations to date by project area.

Project	Capitalised at 30 June 2023 US$	Capitalised during the period ended 31 December 2023 US$	Impairment during the period ended 31 December 2023 US$	Foreign exchange impact during the period ended 31 December 2023 US$	Capitalised at 31 December 2023 US$
Cascabel	289,941,445	7,806,780	-	-	297,748,225
Ecuador Exploration	113,120,806	1,905,294	-	-	115,026,100
Australia	8,371,833	-	(8,246,571)	(125,262)	-
TOTAL	**411,434,084**	9,712,074	(8,246,571)	(125,262)	412,774,325

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with 31 December 2023. Financial information is prepared in accordance with IFRS as issued by the IASB.

Quarter Ended	Dec 31, 2023 US$	Sep 30, 2023 US$	30 June 2023 US$	31 March 2023 US$
Loss for the quarter after tax	(14,865,179)	(7,081,741)	(8,200,047)	(24,567,735)
Loss per share (cents per share)	(0.5)	(0.2)	(0.3)	(1.1)
Loss for the quarter after tax attributable to the owners of the parent	(14,865,179)	(7,081,741)	(8,200,047)	(24,537,718)
Loss per share attributable to the owners of the parent (cents per share)	(0.5)	(0.2)	(0.3)	(1.1)
Quarter Ended	**Dec 31, 2022 US$**	**Sep 30, 2022 US$**	**Jun 30, 2022 US$**	**Mar 31, 2022 US$**
Gain / (loss) for the quarter after tax	(10,513,560)	(7,158,404)	25,208,048	(9,023,358)
Net gain / (loss) per share (cents per share)	(0.5)	(0.3)	1.1	(0.4)
Gain / (loss) for the quarter after tax attributable to the owners of the parent	(10,475,411)	(7,123,189)	25,190,246	(8,956,000)
Net gain / (loss) per share attributable to the owners of the parent (cents per share)	(0.4)	(0.3)	1.1	(0.4)

Net loss presented over the eight quarters primarily reflects general and administrative costs, which include employment costs, costs of the Cornerstone acquisition in Q3 2023, remeasurement of the Franco-Nevada NSR borrowing in Q4 2022, unrealised foreign exchange gains and losses, share-based payment expenses and finance costs, including non-cash interest charges.

LIQUIDITY AND CAPITAL RESOURCES

At 31 December 2023 the Group had cash and cash deposits of $12,835,344, a decrease of $19,646,262 from $32,481,606 at 30 June 2023.

Cash expenditure before financing activities for the six months ended 31 December 2023 was $19,391,187 (2022: $32,848,003). The net cash outflow of the Group for the six months ended 31 December 2023 was $19,621,776 (six months ended 31 December 2022: net cash inflows of $51,302,290), noting that no financings were completed during the six months ended 31 December 2023. Cash outflows, excluding financings, for the six months ended 31 December 2023 were $19.3 million compared to $32.9 million in the comparative 2022 period.

Cash of $12,831,780 (2022: $22,928,865) was invested by the Group on exploration expenditure during the six months ended 31 December 2023.

The following table compares the components of working capital at 31 December 2023 as compared to 31 December 2022.

	For the period ending	
	31 December 2023 US$	31 December 2022 US$
Cash and cash equivalents	12,835,344	77,176,190
Other receivables and prepayments	5,932,027	7,708,089
Loans receivable and other current assets[1]	1,257,724	2,013,107
Trade and other payables	(5,840,389)	(10,892,169)
Current portion of lease liability	(320,467)	(373,493)
Provisions	(716,170)	(716,170)
Net working capital	**13,148,069**	**74,915,554**

[1] Comprised of the Company Funded Loan Plan, refer to Note 7a of the consolidated financial statements for the six months ended 31 December 2023.

SolGold funds its exploration and corporate costs through existing cash and cash equivalents. The Company has no capital commitments but has certain obligations to expend minimum amounts on exploration in tenement areas. As outlined in the Company's latest consolidated annual financial statements, such commitments at 30 June 2023 amounted to $12,236,692 and $754,126 over the next 12 months and 13-month to 5-year period, respectively.

Management raised gross financing proceeds of $86 million during fiscal year 2023 and anticipates that cash on hand is sufficient to meet budget targets through fiscal 2024. However, further financing will be required, and management is evaluating opportunities for additional financing. Although management's ability to raise financing is not guaranteed, management is optimistic that its strategic focus (limiting cash outlay in aggregate and focusing cash which is expended into projects and milestones with concrete value) will provide the maximum number of opportunities in order to obtain optimal terms.

GOING CONCERN

As at 31 December 2023, SolGold Plc (the "Company") and its subsidiaries (the "Group") had cash on hand of $12,835,344 and net current assets of $13,148,070. The Directors have reviewed the cash position and cash position forecast of the Group and the Company for the period to 31 March 2025 and consider it appropriate that the Group and the Company financial statements are prepared on the going concern basis. This basis contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business, for the reasons set out below.

The Group has not generated revenues from operations in its history. Like many exploration and development companies, the Group raises finance for its exploration and appraisal activities in discrete tranches. Therefore, the ability of the Group to continue as a going concern depends on its ability to manage costs and secure additional financing within the next six months. Management's cash flow forecasts show that the Group and the Company need to secure additional funding to continue their exploration and development programme and in order to continue to meet their obligations and liabilities as they fall due.

A going concern assessment conducted by the Group, reviewing its current and projected financial performance and position, including current assets and liabilities, future commitments, and forecast cash flows, has determined in management's base case and downside scenarios, there is not sufficient liquidity for at least the next twelve months from the date of approval of these financial statements, without the receipt of additional financing.

The Company has a proven ability to execute equity and other financings, most recently demonstrated by the successfully completed Osisko Gold Royalty Inc. royalty agreement in November 2022 and the issuance of new shares in December 2022. Accordingly, the Directors have a reasonable expectation that the Group will be able to raise funds when necessary and, as has been the case previously, the Directors expect that future funding will likely be provided by equity investors or via other strategic arrangements.

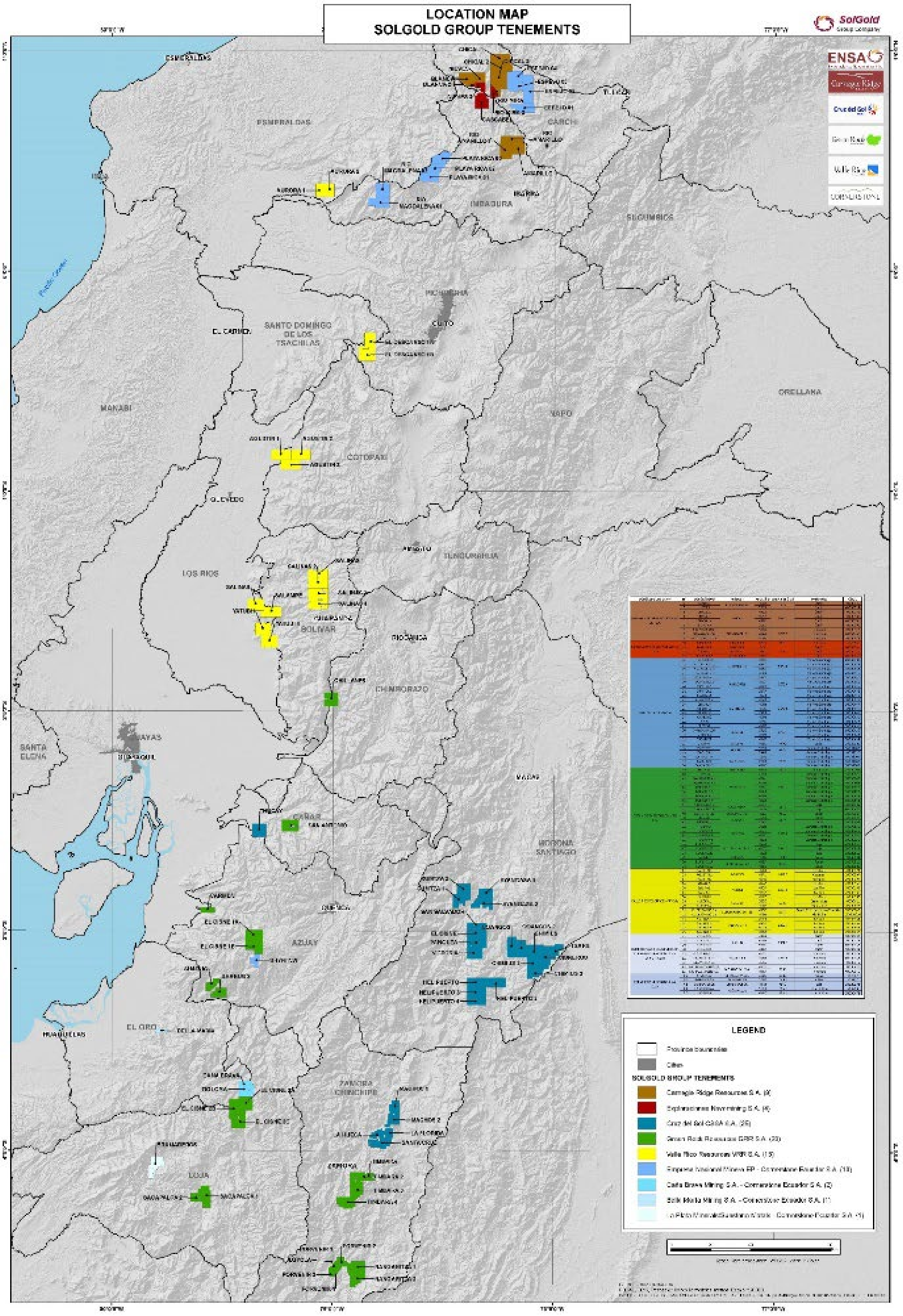
If the Company is unable to secure sufficient funding, it may not be able to fully develop its portfolio of exploration projects, and this may have a consequential impact on the carrying value of the related exploration assets and the investment of the parent company in its subsidiaries as well as the going concern status of the Group and the Company. Given the nature of the Group's current activities, it will remain dependent on equity and/or debt funding or other strategic arrangements until such time as the Group becomes self-financing from the commercial production of its mineral resources. Should raising additional finance prove challenging, the Company has alternative options, such as the acceleration of cost reductions, farm-outs, the relinquishment of licences in Ecuador, or the sale of the Company's own treasury shares. The inability to obtain sufficient capital to finance operations may require significant reduction in the Company's operating activities, which could materially affect its financial position, results of operations, and cash flows.

Given that the Company will need to secure further funding to meet the Group's future exploration and working capital commitments, the situation gives rise to a material uncertainty as there can be no assurance the Company will be able to raise the required financing in the future. This material uncertainty may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Notwithstanding this material uncertainty, the Directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements given the Company's proven ability to raise necessary funding. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

PROJECT ACTIVITIES

The Company's focus since 2012 has been on the riches of Ecuador's underexplored section of the Andean Copper Belt. In addition to the Tier 1 Cascabel project, SolGold has identified a number of highly prospective priority projects throughout Ecuador and is exploring these in parallel with the development of Cascabel. Activities conducted on the priority projects are described by subsidiary in the following sections.

Figure 1 - Overview of SolGold concessions throughout Ecuador



CASCABEL PROJECT

Location: Imbabura province, Northern Ecuador
Ownership: 100%
Subsidiary: Exploraciones Novomining S.A.
Tenement area: 50 km^2
Primary Targets: Copper-gold porphyry

The Cascabel project base is located at Rocafuerte in northern Ecuador, approximately a four-hour drive north of the capital Quito, close to water, power supply and Pacific ports. Post-acquisition of Cornerstone and having fulfilled its earn-in requirements, SolGold is a registered shareholder with a legal and beneficial 100% interest in ENSA, which holds 100% of the Cascabel tenement covering approximately 50km^2, and is subject to the following royalties:

- a 2% net smelter return ("**NSR**") royalty held by Santa Barbara Resources Ltd. which may be purchased for US$4.0 million in two stages, the latest following a production decision;
- A 1.0% NSR royalty, with a 50% buy-back option exercisable at SolGold's election for six years from closing at a price delivering Franco-Nevada a 12% IRR; and
- A 0.6% NSR royalty, with a 33.3% buy-back option exercisable at SolGold's election for four years from closing at a price delivering Osisko a 12% IRR.

Figure 2 - Major activities undertaken in the reporting period

Drilling Alpala deposit	No drilling was completed at Alpala in the three months ended 31 December 2023. Key activities during the quarter include: • Metallurgical test work • Updating interpretation of 3D geological, veining, alteration, geotechnical and metallurgical models • Updating the Mineral Resource Estimation MRE#4
Water monitoring	Site-wide hydrological monitoring and hydrogeological monitoring in and around Alpala and Tandayama America deposits and potential infrastructure sites. This work continues and includes: • Surface, near surface and underground water monitoring • Water chemistry sampling
Geotechnical	Geotechnical site investigations for areas identified for project infrastructure, including: • Landslide monitoring.
Ancillary programmes	Ongoing geomorphological risk management, including stability monitoring at identified locations (observations did not identify significant movement) LIDAR survey of the planned infrastructure outside the Cascabel concession, including the transmission line, pipeline, and tailing facility. The LIDAR flight is completed, and the post processing is ongoing.
Permitting	The Amended Environmental Impact Study for the Advanced Exploration phase of Metallic Minerals, Cascabel mining concession to carry out underground exploration activities (Early Works), approved by MAATE in September 2023.The final resolution from MAATE was received on October 2023, allowing us to start with the Early Works construction. The final resolution for the change of the Cascabel tenement to the Exploitation phase was received in October 2023, and it was registered in the Imbabura Zonal Coordination of the Ministry of Energy and Mines in December 2023.Ongoing negotiations with the Ecuadorian Government with respect to the Investment Protection Agreement continue.

Economic Feasibility Study	Advanced work on a revised pre-feasibility study, which envisions a phased development approach to the Cascabel Project. The primary objective of the study is to reduce the initial capital required to commence operations.

ALPALA MINERAL RESOURCE ESTIMATE (MRE#3)

The Alpala porphyry copper-gold-silver deposit, at a cut-off grade of 0.21% CuEq, comprises 2,663 Mt at 0.53% CuEq in the Measured plus Indicated categories, which includes 1,192 Mt at 0.72% CuEq in the Measured category and 1,470 Mt at 0.37% CuEq in the Indicated category. The Inferred category contains an additional 544 Mt at 0.31% CuEq.

The estimate comprises a contained metal content of 9.9 Mt Cu and 21.7 Moz Au in the Measured plus Indicated categories, which includes 5.7 Mt Cu and 15 Moz Au in the Measured category, and 4.2 Mt Cu and 6.6 Moz Au in the Indicated category. The Inferred category contains an additional 1.3 Mt Cu and 1.9 Moz Au.

Cut-off grade	Mineral Resource category	Mt	Grade				Contained metal			
			CuEq (%)	Cu (%)	Au (g/t)	Ag (g/t)	CuEq (Mt)	Cu (Mt)	Au (Moz)	Ag (Moz)
0.21%	Measured	1,192	0.72	0.48	0.39	1.37	8.6	5.7	15.0	52.4
	Indicated	1,470	0.37	0.28	0.14	0.84	5.5	4.2	6.6	39.8
	Measured + Indicated	**2,663**	**0.53**	**0.37**	**0.25**	**1.08**	**14.0**	**9.9**	**21.7**	**92.2**
	Inferred	544	0.31	0.24	0.11	0.61	1.7	1.3	1.9	10.6
	Planned dilution	*5*	*0.00*	*0.00*	*0.00*	*0.00*	*0.0*	*0.0*	*0.0*	*0.0*

Notes:
1. *Mrs. Cecilia Artica, SME Registered Member, Principal Geology Consultant of Mining Plus, is responsible for this Mineral Resource statement and is an "Independent Qualified Person" as such term is defined in NI 43-101.*
2. *The Mineral Resource is reported using a cut-off grade of 0.21% CuEq calculated using [copper grade (%)] + [gold grade (g/t) x 0.613].*
3. *The Mineral Resource is considered to have reasonable prospects for eventual economic extraction by underground mass mining such as block caving.*
4. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
5. *The statement uses the terminology, definitions and guidelines given in the CIM Standards on Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.*
6. *MRE is reported on 100 percent basis within an optimised shape.*
7. *Figures may not compute due to rounding.*

ALPALA MINERAL RESERVE ESTIMATE

The Mineral Reserve for the Alpala deposit has been estimated using block caving as the sole underground mining method, taking into account the effect of dilution of indicated material with lower grade or barren material originating from within the caved zone and the overlying cave backs, representing the economically mineable part of the measured and indicative resource, based on achievable mine plan and production schedule. The initial Mineral Reserve represents 21% of Measured and Indicated Resources tonnes and approximately 38% of contained metal in dollar terms.

Mineral Reserve category	Mt	Grade			Contained metal		
		Cu (%)	Au (g/t)	Ag (g/t)	Cu (Mt)	Au (Moz)	Ag (Moz)
Probable	558	0.58	0.52	1.65	3.26	9.37	30
Total	**558**	**0.58**	**0.52**	**1.65**	**3.26**	**9.37**	**30**

Notes:
1. *Effective date of the Mineral Reserves is 31 March 2022.*
2. *Only Measured and Indicated Mineral Resources were used to report Probable Mineral Reserves.*
3. *Mineral Reserves reported above were not additive to the Mineral Resource and are quoted on a 100% project basis.*
4. *The Mineral Reserve is based on the 18 March 2020 Mineral Resource.*
5. *Totals may not match due to rounding.*
6. *The statement uses the terminology, definitions and guidelines given in the CIM Standards on Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.*

7. *The Mineral Reserve Estimate as of 31 March 2022 for Alpala was independently verified by Aaron Spong FAusIMM CP (Min) who is a full-time employee of Mining Plus. Mr Spong fulfils the requirements to be a "Independent Qualified Person" for the purposes of NI 43-101 and is the Qualified Person under NI 43-101 for the Mineral Reserve.*

TANDAYAMA-AMÉRICA MINERAL RESOURCE ESTIMATET

The Tandayama-America MRE#2 dataset with a 30 March 2022 data cut-off comprised 30,892m of diamond drilling from holes 1-41, 458m of surface rock-saw channel sampling from 72 outcrops, and 29,631.6m of final assay results from holes 1-40. The Tandayama-America deposit lies approximately 3km north of the Alpala deposit

The Tandayama-America porphyry copper-gold deposit contains a total Mineral Resource of 528.5Mt @ 0.36% CuEq for 1.27Mt Cu, and 3.16Moz Au in the Measured plus Indicated categories containing 1.27 Mt Cu and 3.16 Moz Au, plus 105.1Mt @ 0.36% CuEq for 0.26Mt Cu, and 0.62Moz Au in the Inferred category.

Potential Mining Method	Cut-off Grade (CuEq %)	Resource Category	Tonnage (Mt)	Grade			Contained Metal		
				Cu (%)	Au (g/t)	CuEq (%)	Cu (Mt)	Au (Moz)	CuEq (Mt)
Open Pit	0.16	Measured	17.8	0.20	0.16	0.30	0.04	0.09	0.05
		Indicated	338.7	0.23	0.21	0.36	0.78	2.28	1.23
		Inferred	35.7	0.22	0.23	0.36	0.08	0.26	0.13
Underground	0.28	Indicated	172.0	0.26	0.14	0.35	0.45	0.78	0.60
		Inferred	69.4	0.26	0.16	0.36	0.18	0.36	0.25
Total Measured + Indicated			**528.5**	**0.24**	**0.19**	**0.36**	**1.27**	**3.16**	**1.89**
Total Inferred			105.1	0.24	0.18	0.36	0.26	0.62	0.38

Notes:

1. *Dr Andrew Fowler, MAusIMM CP(Geo), Principal Geology Consultant of Mining Plus, is responsible for this Mineral Resource statement and is an "Independent Qualified Person" as such term is defined in NI 43-101.*
2. *The Mineral Resource is reported using cut-off grades that are applied according to the mining method where 0.16 % CuEq applies to potentially open-pittable material and 0.28 % CuEq applies to material potentially mineable by underground bulk mining methods. Copper equivalency is discussed in detail in "Reasonable Prospects for Eventual Economic Extraction",*
3. *The Mineral Resource is considered to have reasonable prospects for eventual economic extraction by open pit or underground bulk mining such as block caving as described below.*
4. *Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.*
5. *The statement uses the terminology, definitions and guidelines given in the CIM Standards on Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.*
6. *The underground portion of the Mineral Resource is reported on 100 percent basis within an optimized shape as described below.*
7. *Figures may not compute due to rounding.*

QUALIFIED PERSON

Above information relating to the exploration results is based on data reviewed by Mr Santiago Vaca (M.Sc. P.Geo.), Santiago joined SolGold in 2014 as Chief Geologist for the Cascabel project and is an Ecuadorian geologist with over 18 years of experience in mineral Exploration and research. Mr Vaca holds a Professional Geoscientist Certification (P.Geo) granted by the Association of Professional Engineers and Geoscientists of Alberta ("**APEGA**") in Canada. He is a Qualified Person for the purposes of the relevant LSE and TSX Rules. Mr Santiago consents to the inclusion of the information in the form and context in which it appears.

OUTSTANDING SHARE DATA

On the date of this report, the Company had on issue 3,001,106,976 ordinary shares and options to purchase an aggregate of 95,225,000 ordinary shares with exercise prices ranging from £0.1332 to £0.37 per share and expiry dates ranging from 2 March 2024 and 24 August 2033.

SHARE OPTIONS

The share options outstanding at 31 December 2023 are as follows:

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Number at 31 December 2023
2 December 2019[1]	The options vested immediately and exercisable through to 2 December 2024	2 December 2024	£0.37	19,250,000	19,250,000
2 March 2021	The options vested immediately and are exercisable through to 2 March 2024	2 March 2024	£0.36	3,000,000	3,000,000
24 February 2022	The options vested immediately and are exercisable through to 15 June 2024	15 June 2024	£0.26	3,000,000	3,000,000
24 February 2023	The replacement options vested and were exercisable through and expired 12 September 2023	12 September 2023	£0.174	10,303,125	-
24 February 2023	The replacement options vested and are exercisable through to 6 August 2024	6 August 2024	£0.162	6,375,000	6,375,000
24 February 2023	The replacement options vested and are exercisable through to 10 August 2026	10 August 2026	£0.162	7,350,000	7,350,000
24 February 2023	The replacement options vested and are exercisable through to 29 March 2027	29 March 2027	£0.182	4,125,000	4,125,000
24 February 2023	The replacement options vested and are exercisable through to 13 July 2027	13 July 2027	£0.133	5,625,000	5,625,000
17 March 2023	The options will vest in 3 years and are exercisable to 17 March 2033	17 March 2033	£0.17	30,000,000	30,000,000
18 April 2023	The options will vest in 12 months and are exercisable to 18 April 2033	18 April 2033	£0.1982	2,000,000	2,000,000
18 April 2023	The options will vest in 24 months and are exercisable to 18 April 2033	18 April 2033	£0.21	2,000,000	2,000,000
18 April 2023	The options will vest in 36 months and are exercisable to 18 April 2033	18 April 2033	£0.25	2,000,000	2,000,000
6 July 2023	The options will vest in 12 months and are exercisable to 5 July 2033	5 July 2033	£0.17	2,000,000	2,000,000
6 July 2023	The options will vest in 24 months and are exercisable to 5 July 2033	5 July 2033	£0.21	2,000,000	2,000,000
6 July 2023	The options will vest in 36 months and are exercisable to 5 July 2033	5 July 2033	£0.25	2,000,000	2,000,000
27 July 2023	The options will vest in 12 months and are exercisable to 26 July 2033	26 July 2033	£0.17	500,000	500,000

Date of grant	Exercisable from	Exercisable to	Exercise price	Number granted	Number at 31 December 2023
27 July 2023	The options will vest in 24 months and are exercisable to 26 July 2033	26 July 2033	£0.21	500,000	500,000
27 July 2023	The options will vest in 36 months and are exercisable to 26 July 2033	26 July 2033	£0.25	500,000	500,000
25 August 2023	The options will vest in 12 months and are exercisable to 24 August 2033	24 August 2033	£0.17	1,000,000	1,000,000
25 August 2023	The options will vest in 24 months and are exercisable to 24 August 2033	24 August 2033	£0.21	1,000,000	1,000,000
25 August 2023	The options will vest in 36 months and are exercisable to 24 August 2033	24 August 2033	£0.25	1,000,000	1,000,000
				105,528,125	**95,225,000**

[1] Options issued to BHP as part of the share subscriptions on 2 December 2019 and exercisable at £0.37 within 5 years. These options fall outside the scope of IFRS 2 and are classified as a derivative financial liability as they do not meet the fixed for fixed test.

CONTINGENCIES

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of approximately US$4,000,000. Fifty percent (50%) of the royalty can be purchased for approximately US$1,000,000 90 days following the completion of a definitive feasibility study and the remaining 50% of the royalty can be purchased for approximately US$3,000,000 90 days following a production decision. The smelter royalty is considered to be a contingent liability as the Group has not yet completed a definitive-feasibility study at 31 December 2023, and as such, there is significant uncertainty over the timing of any payments that may fall due.

A provision of $716,170 has been recognised at 31 December 2023 for legal and employee expenses.

There are no other material contingent assets and liabilities.

TRANSACTIONS WITH RELATED PARTIES

PARTIES RELATED TO OFFICERS AND DIRECTORS

Transactions with related parties are disclosed in Note 13 to the 31 December 2023 interim condensed financial statements. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

		Period ended 31 December	
		2023 US$	**2022 US$**
Samuel Capital Pty Ltd ("Samuel")	Paid or owed	**36,397**	33,493
	Amount outstanding	**6,232**	6,114
Commercial agreement with Samuel for the engagement of Mr. Nicholas Mather as Non-Executive Director of the Company.			
Bennett Jones LLP	Paid or owed	**48,996**	1,342,136
	Amount outstanding	**Nil**	1,000,427
Mr. James Clare (a former Director whose period in office ended 20 December 2023), is a partner in the Canadian law firm Bennett Jones LLP which has provided legal services and is also a shareholder in the Company. In addition to the amounts disclosed above at 31 December 2023, the Company has accrued approximately $383,000 for services rendered and not billed as well as approximately $339,000 for Mr. Clare's Director fees, which will be billed through Bennett Jones.			
D.R. Loveys and Associates Inc.	Paid or owed	**33,209**	Nil
	Amount outstanding	**Nil**	Nil
A service company that provides accounting and management consulting services, is owned by David Loveys, a shareholder of the Company and a director of SolGold Canada Inc.			
Loyer CMS LLC	Paid or owed	**Nil**	159,263
	Amount outstanding	**Nil**	Nil
A service company which provides accounting and management consulting services, is owned by Mr. David Loveys, a shareholder of the Company and a director of SolGold Canada Inc.			
DGR Global Limited ("DGR")	Paid or owed	**3,922**	254
	Amount outstanding	**Nil**	Nil
Provision of exploration licence maintenance. Mr. Nicholas Mather, Non-Executive Director, is a director of DGR, and DGR is an owner of 204,151,800 shares of the Company.			
Maxit Capital LP	Paid or owed	**Nil**	1,440,000
	Amount outstanding	**Nil**	Nil
A shareholder of the Company with various commercial agreements with the Company, including advisory services pertaining to the capital fundraising in December 2022.			

KEY MANAGEMENT PERSONNEL

The key management personnel of the Company are the Directors and officers of the Company. Compensation awarded to key management relating to consulting fees and share-based payments for the quarters ended 31 December 2023 and 2022 are listed below.

Six months ended December 31, 2023	Basic Annual Salary US$	Bonus US$	Other Benefits[1] US$	Pensions US$	Total Remuneration US$
Directors					
Scott Caldwell	137,648	56,259	455,748	-	649,655
Nicholas Mather	32,781	-	-	-	32,781
James Clare [2]	32,606	-	-	-	32,606
Liam Twigger [3]	49,354	-	-	5,428	54,782
Maria Amparo Alban	35,741	-	-	-	35,741
Slobodan (Dan) Vujcic	30,161	-	-	3,317	33,478
Adrian (Steve) van Barneveld[4]	-	-	-	-	-
Other Key Management Personnel[5]	481,663	103,584	616,844	23,823	1,225,914
Total paid to Key Management Personnel	799,954	159,843	1,072,592	32,568	2,064,957

[1] Other Benefits includes the fair value of the share options granted based on the Black-Scholes model considering the effects of the vesting conditions.

[2] Mr James Clare's term as a Director of the Company ended on 20 December 2023.

[3] Mr Liam Twigger's term as a Director of the Company ended on 20 December 2023.

[4] Mr Adrian (Steve) van Barneveld became a director of the Company on 20 December 2023.

[5] Other key management personnel consist of the aggregated remuneration of Mr. Chris Stackhouse (CFO), Ms. Christina Robinson (Director of Corporate Operations and Communications), Mr. Ryan Kee (VP Finance), Mr. Ryan Wilson (Group General Counsel), and Mr. Perry Holloway (Director of Strategic Affairs). Figures include payments to former key management personnel including Mr. Keith Pollocks (Interim CFO until 31 July 2023) and Mr. Steve Botts (President, SolGold Ecuador until 17 March 2023).

Six months ended 31 December 2022	Basic Annual Salary US$	Bonus US$	Other Benefits[1] US$	Pensions US$	Total Remuneration US$
Directors					
Darryl Cuzzubbo[2]	188,803	-	244,716	4,108	437,627
Scott Caldwell[3]	33,333	-	-	-	33,333
Nicholas Mather	22,225	-	-	-	22,225
James Clare	16,669	-	-	-	16,669
Slobodan (Dan) Vujcic[4]	13,605	-	-	-	13,605
Liam Twigger	29,180	-	-	3,064	32,244
Elodie Grant Goodey[5]	21,621	-	-	-	21,621
Kevin O'Kane[5]	16,327	-	-	-	16,327
Maria Amparo Alban	16,497	-	-	-	16,497
Other Key Management Personnel6	**614,886**	**-**	**-**	**16,208**	**631,094**
Total paid to Key Management Personnel	**973,146**	**-**	**244,716**	**23,380**	**1,241,243**

[1] Other Benefits represents the fair value of the share options granted during the year based on the Black-Scholes model considering the effects of the vesting conditions.

[2] Darryl Cuzzubbo resigned as Chief Executive Officer on 10 November 2022.

[3] Scott Caldwell appointed as Independent Non-Executive Director on 24 October 2022 and interim Chief Executive Officer on 10 November 2022.

[4] Dan Vujcic appointed as Independent Non-Executive Director on 24 October 2022.

[5] Elodie Grant Goodey and Kevin O'Kane did not seek re-election at the Annual General Meeting on 22 December 2022.

[6] Other key management personnel consist of the aggregated remuneration of Rufus Gandhi (Group General Counsel and Company Secretary), Keith Pollocks (Interim CFO), Benn Whistler (Technical Services Manager-resigned) and Tania Cashman (Chief Human Resources Officer – no longer with the company).

FINANCIAL INSTRUMENTS AND RELATED RISKS

The Group's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. A summary of the major financial instrument risks and the Group's approach to management of these risks are highlighted below.

CREDIT RISK

The Group is exposed to credit risk primarily from the financial institutions with which it holds cash and cash deposits and loans receivable under the CFLP. The Group's cash and cash deposits are held with Australian, British, Ecuadorean, Canadian, Chilean, and Swiss financial institutions. Management believes that the credit risk concentration with respect to financial instruments included in other receivables and prepayments is manageable.

FOREIGN CURRENCY RISK

The Group's operations have limited exposure to currency movements. The overwhelming majority of the Group's funds are held in US Dollars, reflective of the expense profile of the Group. Ecuador has the US Dollar as its official currency, which limits foreign exchange risk materially.

LIQUIDITY RISK

The Group has no source of operating cash flow to fund its exploration projects and is dependent on raising funds in capital markets from a variety of eligible private, corporate and financial investors, or from interested third parties (including other exploration and mining companies) which may be interested in earning an interest in the projects of the Group. The success of such capital raisings is dependent upon a variety of factors, including general equities and metals market sentiment, macro-economic outlook, project prospectivity, operational risks and other factors from time to time. Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

COMMODITY PRICE RISK

The Company is exposed to price risk with respect to commodity prices, even as a pre-production company. Commodity price risk is defined as the potential adverse impact on future earnings and economic value due to commodity price movements and volatilities. The Company believes that commodity price movements can have a substantial effect on the market value of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Group had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Group, other than those disclosed as contingent liabilities.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, disclosure of commitments and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from these estimates.

EXPLORATION AND EVALUATION EXPENDITURE

The Group capitalises expenditures relating to the acquisition of, or application for, a tenement area where there is a reasonable expectation that the tenement will be acquired or granted. Exploration and evaluation costs following the acquisition of an exploration license are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. There is a risk that the carrying values of capitalized exploration and evaluation costs are overstated based upon technical information not yet known to management or not yet interpreted by management. Management mitigates this risk by performing periodic reviews of the technical information and regulatory compliance with respect to each license. There is also a risk that capitalised exploration and evaluation costs are overstated due to regulatory compliance deficiencies that management does not become aware of until after reporting results for a financial period. Management mitigates this risk by employing persons competent to maintain regulatory compliance, and by periodically performing project reviews, including review of compliance work with relevant managers.

The carrying values of exploration and evaluation expenditure were assessed for indicators of impairment based on an estimation of the recoverability from expected future development and production. In forming this assessment, the Group considered the external Mineral Resources Estimate, the status of its permits, and internal economic models and financing which supported the carrying value of the project. During the three months ended 31 December 2023, exploration costs were written-off (see *HIGHLIGHTS - FY2024 SECOND QUARTER*), and no reversal of exploration costs previously written off were recognised.

NSR ROYALTY INTEREST

NSR royalties have been valued using the amortised cost basis. IFRS 9 requires that amortised cost is calculated using the effective interest method, which allocates interest expense at a constant rate over the term of the instrument. The effective interest rate of a financial liability is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows through the expected life of the financial liability, based on the then-current mine plan and project development study assumptions. In the case of the Franco Nevada NSR royalty, the Company arrived at an effective interest rate ("EIR") of 11.84%. In the case of the Osisko NSR royalty, the Company arrived at an EIR of 8.87%.

CHANGES IN IFRS ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

The Group has applied the same accounting policies and methods of computation in its consolidated financial statements as in its 2022 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods on (or after) 1 July 2022 and will be applied in the 2023 annual financial statements.

NEW STANDARDS AND AMENDMENTS

The Group has adopted the following revised and amended standards. The list below includes only standards and interpretations that could have an impact on the Consolidated Financial Statements of the Group.

Effective period commencing on or after		
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules	1 January 2023
Amendments to IAS 21	Deferred Tax Related to Costs and Liabilities Arising from a Single Transaction	1 January 2023
Amendments to IAS 1, PS 2 and IAS 8	Narrow Scope Amendments	1 January 2023
Amendments to IFRS 17	Insurance Contracts	1 January 2023

Details of the impact that these standards had is detailed below. Other new and amended standards and Interpretations issued by the IASB do not impact the Group or Company as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

Issued in May 2023, the amendments introduce an immediate temporary mandatory exception from accounting for deferred tax related to GloBE top-up tax. However, companies will be required to provide new disclosures about their potential exposure to the top-up tax at the reporting date in periods in which a tax law is enacted but the top-up tax does not yet apply. The disclosure requirements apply from December 31, 2023. No disclosures are required in interim periods ending on or before December 31, 2023.

Amendments to IAS 12 – Deferred Tax Related to Costs and Liabilities Arising from a Single Transaction

The amendment clarifies that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. There was no significant impact to the Group upon adoption. There was no significant impact to the Group upon adoption.

Amendments to IAS 1, PS 2 and IAS 8 – Narrow Scope Amendments

The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. There was no impact to the Group upon adoption.

Amendments to IFRS 17 – Insurance Contracts

The amendments to IFRS 17 include a two-year deferral of the effective date and the fixed expiry date of the temporary exemption from applying IFRS 9 Financial Instruments granted to insurers meeting certain criteria. There was no impact to the Group upon adoption.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the company. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

Effective period commencing on or after		
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to IAS 1	Non-Current Liabilities with Covenants	1 January 2024
Amendments to IFRS 16	Leases on Sale and Leaseback	1 January 2024
Amendments to IAS 21	Lack of Exchangeability Between Currencies	1 January 2025

RISKS AND UNCERTAINTIES

Resource exploration, evaluation and development is a high-risk business. There is no certainty that the investments made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves, and further the development of a property. There is no assurance the Group has, or will have, commercially viable ore bodies. Capital expenditures to bring a property to a commercial production stage are significant and require special skills and long-term planning. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the additional risks to the Company and Group, that they may be exposed to from time to time:

HEALTH & SAFETY

Safety risks are inherent in exploration and mining activities and include both internal and external factors requiring consideration to reduce the likelihood of negative impacts. Due to the geographical spread of exploration activities, the highest risk is associated with the transportation of people to and from the project areas. This includes transit vehicle accidents with a potential for fatalities due to vehicle impacts or rollovers. In addition, the remote locations of drilling activities increase the risk of delays in gaining access to effective emergency medical assistance, resulting in delayed treatment in the event of an incident or accident. The expansion of the Group's footprint in Ecuador also potentially increases safety risk.

Health and safety reviews, inspections, audits and hazard assessments are completed on a regular basis to ensure effective, procedures and controls are in place. Any incident resulting in serious injury or death may result in litigation and/or regulatory action (including, but not limited to suspension of development activities and/or fines and penalties), suspension of development activities and/or fines and penalties) or otherwise adversely affect the Group's reputation and ability to meet its objectives.

The Group's exploration and business activities were impacted by the COVID-19 pandemic. The Group has adapted the way it conducts its business in response to the pandemic and follows mandates of various relevant Governments as well as responding to the concerns of local communities in Ecuador.

FUNDING

The exploration, evaluation and development of the Group's projects will require substantial additional financing above and beyond the Group's current liquid funds. Current global capital market conditions have been subject to significant volatility, and access to equity and debt financing, particularly for resource companies, has been negatively impacted in recent years. The war in Ukraine, the increasingly hawkish tilt of Western central banks, and the arrival of inflation have more generally injected additional risk into the global capital markets.

These factors may impact the Group's ability to obtain equity or debt financing in the future. Additional financing may not be available, or if available, the terms of such financing may be unfavourable compared to earlier capital raises. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration activities and the development of the Group's projects.

SOCIAL LICENCE TO OPERATE

Strong community relations are fundamental to creating safe, sustainable, and successful operations. Losing the support from any individual community would be a risk for activities in that area and to the Company's broader reputation.

The Group´s concessions are near and, in limited areas, overlap with local communities, and local approvals are often needed in order to access and operate in these areas.

The Group often enters into agreements with local communities, groups or individuals that address surface access, road or trail usage, local employment, social investment and other key issues. Every local stakeholder relationship, however, requires ongoing dialogue and relationship management.

Events do not always unfold as intended or according to plan, however, and the status of relations can deteriorate for any number of reasons, including, but not limited to:

- Influences of local or external political or social representatives or organisations
- Shifts in the agendas or interests of individuals or the community as a whole
- The Group´s inability to deliver on community expectations or its commitments
- Concerns stemming from communities' historical or recent experiences with legal and/or illegal miners.

However, if, under extreme circumstances, the Group were to lose its social licence with one or more communities and be unable to regain it, this could impact the project's viability. By the same token, if the Group is unable to obtain social licences from some communities, initial exploration could be prevented.

PEOPLE AND LEADERSHIP

Establishing an effective composition of the Board, succession processes, and evaluation methods is critical to the success of the Group. The Group is dependent on recruiting and retaining high-performing leaders focused on managing the Group's interests, requiring a large number of persons skilled in project development, engineering, financing, operations and management of mining properties.

Competition for such persons is high in the current commodity price environment. The inability of the Group to successfully attract and retain highly skilled and experienced executives and personnel could have a material adverse effect on SolGold's business, its ability to attract financing and the results of operations. In-country industrial relations risk, and the potential increase in politicisation of the country place a risk on the Group and the country's focus on the development of a mining industry.

GENERAL EXPLORATION AND EXTRACTION RISKS

Exploration activities are speculative, time-consuming and can be unproductive. In addition, these activities often require substantial expenditure to establish reserves and resources through drilling and metallurgical and other testing, determine appropriate recovery processes to extract copper and gold from the ore and construct mining and processing facilities. Once deposits are discovered, it can take several years to determine whether reserves and resources exist. During this time, the economic viability of production may change. As a result of these uncertainties, the exploration programmes in which the Group is engaged may not result in new reserves.

GEOPOLITICAL, REGULATORY AND SOVEREIGN RISK

SolGold's exploration tenements are located in Ecuador, Chile, and Australia, and it is subject to the risks associated with operating in domestic and foreign jurisdictions (at 31 December 2023, all Australian tenements were reported at nil carrying values, although formal relinquishment had not occurred).

Operating in any country involves some risk of political and regulatory instability, which may include changes in government, negative policy shifts, changes to the tax and royalty regime and civil unrest. In addition, there is a risk that due to the deterioration of the macroeconomic situation, governments may consider imposing currency controls and limitations on capital flows. Specifically, under Ecuadorian law, citizens have a constitutional right, pursuant to a judicial process, to apply to the Constitutional Court for approval of a public referendum on any subject matter. In 2019, an application was made to the Ecuadorean Constitutional Court to request that a referendum be held, the effect of which was to seek to stop mining activities at the Cascabel concession. The Constitutional Court unanimously rejected the application. However, despite the Constitutional Court ruling on that occasion, no assurance can be given that at some future time, a similar application designed to seek to stop mining at Cascabel or in any other location of interest to the Group will not be made. Anti-mining activism involving protests or blockage of access is a risk for operational areas.

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by government policy changes beyond SolGold's control. These factors may have a negative impact on the ability of the Group to secure external financing and an adverse effect on the Group's market value and the going concern of the business as a whole.

TITLE RISK

SolGold's concessions and interest in concessions are subject to the various conditions, obligations, and regulations that apply in the relevant jurisdictions, including Ecuador, Chile, and Australia (Queensland). At 31 December 2023, all Australian tenements were reported at nil carrying values, although formal relinquishment had not occurred. If applications for title or renewal are required, this can be at the discretion of the relevant government minister or officials. If approval is refused, SolGold will lose the opportunity to undertake further exploration or development of the tenement.

Some properties may be subject to prior unregistered agreements or transfers of native or indigenous peoples' land claims, and title may be affected by undetected defects or governmental actions. No assurance can be given that title defects do not exist. If a title defect does exist, it is possible that SolGold may lose all or a portion of the property to which the title defects relate.

ENVIRONMENTAL

The Group's exploration activities are required to adhere to both international best practices and local environmental laws and regulations. Any failure to adhere to globally recognised environmental regulations could adversely affect the Group's ability to explore under its exploration rights. Significant liability could be imposed on SolGold for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by SolGold or its subsidiaries, or non-compliance with environmental laws or regulations.

SolGold proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. Nevertheless, residual risks inherent in SolGold's activities could lead to financial liabilities.

LAND ACCESS, PERMITTING AND SURFACE RIGHTS

The Group is required to obtain governmental permits to conduct different phases of exploration and evaluation of its concessions.

Obtaining the necessary permits can be a complex and time-consuming process, which may sometimes involve several different government agencies. The duration and success of the Group's efforts to obtain permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities, the expertise and diligence of civil servants, and the timeframes for agency decisions.

The Group may not be able to obtain permits in a timeframe that might be reasonably expected. Any unexpected delays associated with the permitting processes could slow exploration and could adversely impact the Group's operations.

There is a risk of permits that are needed for ongoing operations being denied regarding tenure and other development-related infrastructure. Land access is critical for exploration and evaluation to succeed. In all cases, the acquisition of prospective concessions is a competitive business in which proprietary knowledge or information is critical, and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or indigenous claims.

Immediate access to land in the areas of activities cannot always be guaranteed. SolGold may be required to seek the consent of landholders or other persons or groups with an interest in real property encompassed by or adjacent to SolGold's tenements. Compensation may be required to be paid by SolGold to landholders so that SolGold may carry out exploration and/or mining activities.

Where applicable, agreements with indigenous groups must be in place before a mineral tenement can be granted. In the long run, SolGold will be required to acquire large areas of land for its surface operations, posing a risk of delays and increasing prices the longer the process takes.

MINERAL RESERVE AND RESOURCE ESTIMATES

Mineral Reserve and Mineral Resource figures are estimates, and there is a risk that the estimated Mineral Resources and Mineral Reserves will not be realised. The quantity of Mineral Resources and Mineral Reserves may vary depending on, among other things, metal prices. Any material changes in the quantity of Mineral Resources, Mineral Reserves or the amount of the Mineral Reserves that are mined, and metal recoveries achieved in production may affect the economic viability of any project.

Mineral Resources that are not Mineral Reserves have not demonstrated economic viability, and there is a risk that they will never be mined or processed profitably. Further, there is a risk that Inferred Mineral Resources will not be upgraded to proven and probable Mineral Reserves as a result of continued exploration.

Fluctuations in gold and copper prices, drilling results, metallurgical testing and preparation, and the evaluation of studies, reports, and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Reserves could have a material adverse effect on SolGold's results of operations and financial condition.

PROJECT DEVELOPMENT

Where the Group discovers a potentially economic resource or reserve, there is no assurance that the Group will be able to develop a mine thereon or otherwise commercially exploit such resource or reserve. Any failure to manage the Group's growth and development effectively could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Group's current strategy will develop as anticipated.

FINANCIAL, REPORTING AND CONTROL RISK

SolGold strives for a corporate culture that encourages transparency and professionalism, protects our shareholders' funds and inspires confidence in our workforce. It is crucial that the Group maintains high ethical standards, and there is no tolerance for fraud, bribery, any form of corruption, or unethical activity. Internal control over financial reporting may not always prevent or detect misstatements.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors carries out its responsibility for the Group's interim condensed consolidated financial statements primarily through the Audit and Risk Committee, which is comprised of non-executive directors who meet periodically with management and the auditors (at half-year reporting periods), to review financial reporting and internal control matters.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P") have been designed to ensure that information required to be disclosed by the Group is accumulated and communicated to the management of the Group as appropriate to allow timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer of the Group are responsible for establishing and maintaining DC&P and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). The Chief Executive Officer and Chief Financial Officer of the Group have concluded that, as at 31 December 2023, the Group's DC&P have been designed and operate effectively to provide reasonable assurance that: (I) material information relating to the Group is made known to them by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Group in its annual filings, interim filings or other reports filed or submitted by the Group under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They have also concluded that the Group's ICFR have been designed effectively to provide reasonable assurance regarding the reliability of the preparation and presentation of the financial statements for external purposes in accordance with IFRS and were effective on 31 December 2023. It should be noted that, while the Chief Executive Officer and Chief Financial Officer of the Group believe that the Group's DC&P provide provides a reasonable level of assurance that they are effective, they do not expect that the disclosure controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system control system's objectives are met. ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes in line with IFRS. Management is responsible for establishing and maintaining appropriate ICFR in relation to the nature and size of the Group. However, any system of ICFR has inherent limitations and can only provide reasonable assurance with respect to financial statement preparation and presentation the preparation and presentation of financial statements. The Group's ICFR has been designed based on the control framework established in Internal Control - Integrated Framework published in 2013 by The Committee of Sponsoring Organizations of the Treadway Commission. There were no changes to the Group's ICFR that occurred during the six months ended 31 December 2023 that materially affected, or are reasonably likely to affect, the Group's ICFR.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR under the Company's issuer profile at www.sedar.com and can be found on the Company's website at www.solgold.com.au.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may be deemed "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws. All statements in this MD&A, other than statements of historical fact, that address future events, developments or performance that SolGold expects to occur including management's expectations regarding SolGold's growth, results of operations, estimated future revenues, requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue estimates, future demand for and prices of commodities, business prospects and opportunities and outlook on gold and currency markets are forward-looking statements. In addition, statements (including data in tables) relating to reserves and resources and gold equivalent ounces are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates will be realized. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "scheduled" and similar expressions or variations (including negative variations), or that events or conditions "will", "would", "may", "could" or "should" occur including, without limitation, the performance of the assets of SolGold, the realisation of the anticipated benefits deriving from SolGold's investments and transactions and the estimate of gold equivalent ounces to be received. Although SolGold believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of SolGold, and are not guarantees of future performance and actual results may accordingly differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation: fluctuations in the prices of the commodities; fluctuations in the value of currency of the United States, Canada, Australia, Switzerland and the United Kingdom; regulatory changes by national and local governments, including permitting and licensing regimes and taxation policies; regulations and political or economic developments in any of the countries where properties in which SolGold holds interest are located; risks related to the operators of the properties in which SolGold holds interests; business opportunities that become available to, or are pursued by SolGold; continued availability of capital and financing and general economic, market or business conditions; litigation; title, permit or license disputes related to interests on any of the properties in which SolGold holds interest; development, permitting, infrastructure, operating or technical difficulties on any of the properties in which SolGold holds interest; risks and hazards associated with the business of exploring, development and mining on any of the properties in which SolGold holds interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters or civil unrest or other uninsured risks. The forward-looking statements contained in this MD&A are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which SolGold holds interest by the owners or operators of such properties in a manner consistent with past practice; no material adverse change in the market price of the commodities that underlie the asset portfolio; no adverse development in respect of any significant property in which SolGold holds interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. For additional information on risks, uncertainties and assumptions, please refer to the AIF of SolGold filed on SEDAR at www.sedar.com, which also provides additional general assumptions in connection with these statements. SolGold cautions that the foregoing list of risk and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. SolGold believes that the assumptions reflected in those forward- looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. SolGold undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

CORPORATE INFORMATION

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Scott Caldwell

Chief Executive Officer

Nicholas Mather

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Slobodan (Dan) Vujcic

Non-Executive Director

Maria Amparo Alban

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Adrian (Steve) van Barneveld

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